

**REPORT OF THE AUDIT OF THE
KNOX COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2008**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Steven L. Beshear, Governor
Jonathan Miller, Secretary
Finance and Administration Cabinet
Honorable J.M. Hall, Knox County Judge/Executive
Members of the Knox County Fiscal Court

The enclosed report prepared by Simon, Underwood & Associates PSC, presents the financial activity contained in the Fourth Quarter Report of Knox County, Kentucky, as of and for the year ended June 30, 2008.

We engaged Simon, Underwood & Associates PSC to perform the audit of this financial activity. We worked closely with the firm during our report review process; Simon, Underwood & Associates PSC evaluated the Knox County's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, reading "Crit Luallen".

Crit Luallen
Auditor of Public Accounts

Enclosure

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE KNOX COUNTY FISCAL COURT

June 30, 2008

Simon, Underwood & Associates PSC was engaged to audit the financial activities of the Knox County Fiscal Court for fiscal year ended June 30, 2008 and we have issued a disclaimer of opinion thereon.

Based on our assessment of overall audit risk, we determined the risk to be too high and we were unable to apply other procedures to overcome this risk. In addition, the Fiscal Court had serious weaknesses in the design and operation of its internal control procedures and accounting functions. Furthermore, even though management began to implement internal control procedures, we were unable to apply audit procedures to test for appropriate compliance with statutory, contractual, and administrative regulations as well as with federal grant agreements, Department of Local Government (DLG) requirements, and county administrative code requirements. In addition, we were not able to access certain fiscal court records needed for beginning balances and current year transactions to adequately conduct our procedures due to the county's lack of certain requested documentation. The significance of these issues, in the aggregate, prevents us from expressing an opinion and we do not express an opinion on the financial activities of the Knox County Fiscal Court.

Report Comments:

- 2008-01 The County Should Improve Their Internal Control Procedures
- 2008-02 The County Should Maintain Proper Records For The Public Properties Corporation Fund
- 2008-03 The County Should Pursue Collections Of All Amounts Due To The County And All Assets Owned By The County
- 2008-04 The County Administration Transferred \$188,524 Of Funds And \$636,127 In Budget Transfers Prior To Or Without Fiscal Court Approval
- 2008-05 The County Did Not Follow Proper Purchase And Procurement Procedures That Resulted In Failed Testing Procedures
- 2008-06 The County Owes Approximately \$9,802 In Past Due Inmate Medical Bills
- 2008-07 \$8,500 Of Credit Card Expenditures Could Not Be Appropriately Validated And Were Not Properly Documented
- 2008-08 The County Has Inaccurate And Incomplete Vacation Leave Records For Employees
- 2008-09 The County Should Ensure That The Same Level Of Health Insurance Benefits Are Provided To All County Employees As Stated In Kentucky Attorney General Opinion (OAG) 94-15
- 2008-10 The County Judge/Executive Or A Designated Person Should Keep And Maintain Required Records
- 2008-11 The Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The Proper Location
- 2008-12 The County Should Maintain Complete And Accurate Capital Asset Schedules To Comply With GASB 34 Requirements
- 2008-13 The County Should Incorporate Any Future Knox County Hospital Bond Default Obligations In Their Budget
- 2008-14 The County Should Pursue Collection Of Overcharges Which Caused Questioned Costs Of \$134,090 Of Federal Transportation Grant Funds Due To Failure To Comply With Allowable Costs In Prior Year
- 2008-15 The County Should Monitor Bonding Requirements For All Elected And Appointed Officials
- 2008-16 The County Should Incorporate All Potential Liabilities In Its Budget Process
- 2008-17 The County Should Record All Debt Financing Obligations
- 2008-18 The Jail Should Improve Their Internal Control Procedures
- 2008-19 The County Failed To Monitor Federal Grant Funds

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*Simon,
Underwood &
Associates* PSC

Certified Public Accountants and Consultants

To the People of Kentucky
Honorable Steven L. Beshear, Governor
Jonathan Miller, Secretary
Finance and Administration Cabinet
Honorable J.M. Hall, Knox County Judge/Executive
Members of the Knox County Fiscal Court

Independent Auditor's Report

We were engaged to audit the financial activity contained in the Fourth Quarter Report of Knox County, Kentucky, as of and for the year ended June 30, 2008. The financial activity is the responsibility of the Knox County Fiscal Court.

The financial activity contained in the Fourth Quarter Report is intended to present budgeted and actual revenues and expenditures of the Knox County Fiscal Court on the cash basis of accounting and also the long-term debt of the Fiscal Court. Actual revenues and expenditures are recognized when received or paid rather than when earned or incurred. The presentation of the financial activity contained in the Fourth Quarter Report is not intended to be a presentation in conformity with generally accepted accounting principles.

Based on our assessment of overall audit risk, we determined the risk to be too high and we were unable to apply other procedures to overcome this risk. In addition, the Fiscal Court had serious weaknesses in the design and operation of its internal control procedures and accounting functions. Furthermore, even though management began to implement internal control procedures, we were unable to apply audit procedures to test for appropriate compliance with statutory, contractual, and administrative regulations as well as with federal grant agreements, Department of Local Government (DLG) requirements, and county administrative code requirements. In addition, we were not able to access certain fiscal court records needed for beginning balances and current year transactions to adequately conduct our procedures due to the county's lack of certain requested documentation. The significance of these issues, in the aggregate, prevents us from placing any reliance on the financial activities contained in the Fourth Quarter Report of the Fiscal Court.

Because we were unable to place reliance on the accuracy, validity, and completeness of the county's Fourth Quarter Report and because audit risk is at an unacceptable level, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial activity contained in the report referred to in the first paragraph.

In accordance with Government Auditing Standards, we have also issued our report dated June 26, 2009, on our consideration of Knox County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

To the People of Kentucky
Honorable Steven L. Beshear, Governor
Jonathan Miller, Secretary
Finance and Administration Cabinet
Honorable J.M. Hall, Knox County Judge/Executive
Members of the Knox County Fiscal Court

Based on the results of our audit, we present the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2008-01 The County Should Improve Their Internal Control Procedures
- 2008-02 The County Should Maintain Proper Records For The Public Properties Corporation Fund
- 2008-03 The County Should Pursue Collections Of All Amounts Due To The County And All Assets Owned By The County
- 2008-04 The County Administration Transferred \$188,524 Of Funds And \$636,127 In Budget Transfers Prior To Or Without Fiscal Court Approval
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- 2008-06 The County Owes Approximately \$9,802 In Past Due Inmate Medical Bills
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- 2008-19 The County Failed To Monitor Federal Grant Funds



Simon, Underwood & Associates PSC
Certified Public Accountants and Consultants

Louisville, Kentucky
June 26, 2009

KNOX COUNTY OFFICIALS

For The Year Ended June 30, 2008

Fiscal Court Members:

J. M. Hall	County Judge/Executive
Terry Brown	Magistrate
Jerry Hamilton	Magistrate
Carson Gilbert	Magistrate
Doyle Gibson	Magistrate
Giulio Cima	Magistrate

Other Elected Officials:

Charley Dixon, Jr.	County Attorney
Larry D. Hammons	Jailer
Mike Corey	County Clerk
Greg Helton	Circuit Court Clerk
John Pickard	Sheriff
Bill Oxendine	Property Valuation Administrator
Michael Blevins	Coroner

Appointed Personnel:

Jim Tye	Deputy County Judge/Executive
Darren West	County Treasurer
Tammy Mays	Finance Officer
Wayne Willis	Occupational Tax Administrator

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KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2008

KNOX COUNTY FOURTH QUARTER FINANCIAL STATEMENT

For The Year Ended June 30, 2008

<p>Department for Local Government 1024 Capital Center Drive, Suite 340 Frankfort, Kentucky 40601 (502) 573-2382 or (800) 346-5606</p>	<p>Header Data</p>
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061 - KNOX

Judge Executive: J. M. HALL	Treasurer: DARREN K. WEST	Submitted: 06/30/2008	Imported: 07/07/2008	Source: FISUPLD
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KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2008
(Continued)



Production

Department for Local Government

1024 Capital Center Drive, Suite 340
 Frankfort, Kentucky 40601
 (502) 573-2382 or (800) 346-5606

Summary Data

061 - Knox

Fund	Description	Receipts	Disbursements	Cash Balance	Encumb	Unanum
01	General Fund	\$2,990,835.04	\$2,188,686.07	\$802,148.97	\$2,755.64	\$796,393.33
02	Road Fund	\$3,477,546.37	\$3,029,354.43	\$448,191.94	\$13,986.05	\$434,205.89
03	Jail Fund	\$1,996,509.48	\$1,561,954.04	\$434,555.44	\$5,754.97	\$428,800.47
04	Local Government Economic Assistance Fund	\$1,333,629.70	\$397,533.56	\$936,296.14	\$0.00	\$936,296.14
23	OCCUPATIONAL LICENSE FUND	\$1,041,339.14	\$803,883.43	\$237,445.71	\$0.00	\$237,445.71
75	911 FUND	\$379,061.26	\$317,732.68	\$61,328.58	\$0.00	\$61,328.58
76	HARLAN/KNOXJOINT E-911 FUND	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
77	FEDERAL FUNDS PROGRAM	\$73,716.15	\$5,274.12	\$68,442.03	\$0.00	\$68,442.03
78	Hospital Sinking Fund	\$61,592.41	\$61,040.12	\$552.29	\$0.00	\$552.29
79	SEKRB Park Fund	\$224,842.67	\$118,956.56	\$105,886.11	\$0.00	\$105,886.11
80	Co. Attorney DFC Fund	\$112,250.39	\$111,388.92	\$861.47	\$0.00	\$861.47
TOTALS		\$11,691,522.61	\$8,595,813.93	\$3,095,708.68	\$22,496.66	\$3,073,212.02

2008

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Monday, November 02, 2008

KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2008
(Continued)

Department for Local Government

1024 Capital Center Drive, Suite 340
 Frankfort, Kentucky 40601
 (502) 573-2382 or (800) 348-5606

Reconciliation Data

061 - Knox

Fund	Description	Bank Balance	Dep. in Transit	Checks	Other	Cash Balance
01	General Fund	\$836,887.19	\$0.00	\$34,738.22	\$0.00	\$802,148.97
02	Road Fund	\$604,164.78	\$0.00	\$155,972.84	\$0.00	\$448,191.94
03	Jail Fund	\$487,659.70	\$0.00	\$44,104.26	\$0.00	\$443,555.44
04	Local Government Economic Assistance Fund	\$936,296.14	\$0.00	\$0.00	\$0.00	\$936,296.14
23	OCCUPATIONAL LICENSE FUND	\$237,530.37	\$0.00	\$84.66	\$0.00	\$237,445.71
75	911 FUND	\$70,764.67	\$0.00	\$9,436.09	\$0.00	\$61,328.58
77	FEDERAL FUNDS PROGRAM	\$68,442.03	\$0.00	\$0.00	\$0.00	\$68,442.03
78	Hospital Sinking Fund	\$552.29	\$0.00	\$0.00	\$0.00	\$552.29
79	SEKRB Park Fund	\$105,886.11	\$0.00	\$0.00	\$0.00	\$105,886.11
80	Co. Attorney DFC Fund	\$4,561.47	\$0.00	\$3,700.00	\$0.00	\$861.47
TOTALS		\$3,352,744.75	\$0.00	\$248,036.07	\$0.00	\$3,104,708.68



Production

KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2008
(Continued)



Production

Department for Local Government

1024 Capital Center Drive, Suite 340
 Frankfort, Kentucky 40601
 (502) 573-2382 or (800) 346-5606

Receipts Data

061 - Knox

Fund Maj	Subt	Sub2	Description	Budget Original	Amendment	Rec'd this Qtr	Rec'd to Date	Under/Over
01	4101		REAL ESTATE - SHERIFF	\$825,000.00	\$0.00	\$58,136.52	\$949,876.25	(\$124,876.25)
01	4103		MOTOR VEHICLE TAXES	\$160,000.00	\$0.00	\$50,718.80	\$176,776.00	(\$16,776.00)
01	4104		DELINQUENT TAXES	\$7,000.00	\$0.00	\$13,600.82	\$50,269.53	(\$43,269.53)
01	4107		UNMINED MINERALS	\$65,000.00	\$0.00	\$2,573.10	\$46,972.19	\$18,027.81
01	4119		TIMBERLAND TAX	\$2,000.00	\$0.00	\$77.80	\$2,375.20	(\$375.20)
01	4130		BANK FRANCHISES	\$90,000.00	\$0.00	\$0.00	\$89,276.35	\$723.65
01	4131		FRANCHISE CORPORATION TA	\$200,000.00	\$0.00	\$67,970.09	\$81,911.72	\$118,088.28
01	4134		OCCUPATIONAL LICENSE FEE	\$7,000.00	\$0.00	\$60.00	\$315.00	\$5,685.00
01	4135		DEED TRANSFER	\$34,000.00	\$0.00	\$5,849.15	\$56,831.85	(\$22,831.85)
01	4302		COUNTY CLERK EXCESS FEES	\$150,000.00	\$0.00	\$0.00	\$321,039.71	(\$171,039.71)
01	4417		TELECOMMUNICATIONS TAX	\$135,000.00	\$0.00	\$34,034.56	\$136,175.05	(\$1,175.05)
01	4501		OMITTED PROPERTY TAX	\$5,000.00	\$0.00	\$3,664.89	\$10,595.19	(\$5,595.19)
01	4505		MOTOR VEHICLE TAX - OTHER	\$27,000.00	\$0.00	\$7,478.39	\$30,740.50	(\$3,740.50)
01	4510	002	STATE GRANTS-AREA DEVEL	\$10,000.00	\$0.00	\$0.00	\$0.00	\$10,000.00
01	4520		ELECTION EXPENSE REIMBUR	\$18,000.00	\$0.00	\$0.00	\$18,000.00	\$0.00
01	4521		BOARD OF ASSESSMENT APP	\$400.00	\$0.00	\$0.00	\$400.00	\$0.00
01	4522		LEGAL PROCESS TAX	\$0.00	\$0.00	\$0.00	\$176.81	(\$176.81)
01	4526		STRIP MINE PERMITS	\$7,000.00	\$0.00	\$0.00	\$9,362.50	(\$2,362.50)
01	4532		AOC SPACE RENTAL	\$216,000.00	\$0.00	\$42,038.53	\$193,323.18	\$22,676.82
01	4542		FEMA REIMBURSEMENT	\$0.00	\$0.00	\$5,146.66	\$5,146.66	(\$5,146.66)
01	4548		COUNTY SHERIFF FEES (POOL	\$450,000.00	\$0.00	\$0.00	\$182,550.44	\$267,449.56
01	4561		HB 577 - COURTHOUSE MAINT	\$0.00	\$0.00	\$0.00	\$741.50	(\$741.50)
01	4601		FIRE SUPPRESSION FEES	\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00
01	4701		VENDING MACHINE COMMISSI	\$1,400.00	\$0.00	\$244.43	\$1,166.94	\$233.06
01	4727		REIMBURSEMENTS	\$2,200.00	\$0.00	\$0.00	\$432.02	\$1,767.98
01	4731		MISCELLANEOUS REVENUES	\$2,000.00	\$0.00	\$0.00	\$3,346.26	(\$1,346.26)
2008	4Q					\$0.00	\$3,346.26	Monday, November 02, 2009
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KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2008
(Continued)

Fund	Maj	Suff	Suff2	Description	Budget Original	Amendment	Rec'd this Qtr	Rec'd to Date	Under/Over
01	4733			INSURANCE REIMBURSEMENT	\$96,000.00	\$0.00	\$32,116.25	\$118,901.58	(\$32,901.58)
01	4756			POLICE SERVICES REIMBURS	\$28,000.00	\$0.00	\$3,707.94	\$7,360.91	\$20,619.09
01	4799			OTHER RECEIPTS	\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00
01	4806			INTEREST ON CHECKING	\$10,000.00	\$0.00	\$1,874.24	\$8,865.68	\$1,114.32
01	4901			SURPLUS PRIOR YEAR	\$900,000.00	\$0.00	\$0.00	\$454,467.95	\$445,532.05
01	4903			ADJUSTMENTS TO PRIOR YEAR	\$0.00	\$0.00	\$8,346.40	\$8,431.40	(\$8,431.40)
01	4909			TRANSFER OUT	(\$1,800,000.00)	\$0.00	(\$520,472.50)	(\$1,631,803.34)	(\$168,196.66)
01	4910			TRANSFER IN	\$1,700,000.00	\$0.00	\$238,756.20	\$1,666,770.01	\$43,229.99
02	4510	001		ROAD STATE GRANT LITTER A	\$0.00	\$0.00	\$0.00	\$53,512.01	(\$53,512.01)
02	4514	001		TRANSPORTATION CABINET AI	\$0.00	\$800,000.00	\$448,631.94	\$1,297,844.65	(\$497,844.65)
02	4516			TRUCK LICENSE REFUND	\$233,000.00	\$0.00	\$179,793.50	\$408,280.18	(\$175,280.18)
02	4517			DRIVER'S LICENSE REFUND	\$3,000.00	\$0.00	\$0.00	\$2,762.50	\$217.50
02	4518			COUNTY ROAD AID	\$947,000.00	\$0.00	\$0.00	\$914,603.00	\$32,397.00
02	4519			MUNICIPAL ROAD AID	\$67,000.00	\$0.00	\$0.00	\$66,452.00	\$548.00
02	4704			SURPLUS EQUIPMENT SALE	\$10,000.00	\$0.00	\$0.00	\$14,215.00	(\$4,215.00)
02	4727			REIMBURSEMENTS	\$1,000.00	\$0.00	\$237.10	\$237.10	\$762.90
02	4806			INTEREST EARNED ON CHECK	\$3,000.00	\$0.00	\$781.09	\$9,334.20	(\$6,334.20)
02	4901			SURPLUS PRIOR YEAR	\$134,000.00	\$0.00	\$0.00	\$409,476.81	(\$275,476.81)
02	4903			ADJUSTMENTS TO PRIOR YEA	\$0.00	\$0.00	\$808.92	\$808.92	(\$808.92)
02	4909			TRANSFER OUT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
02	4910			TRANSFER IN	\$0.00	\$0.00	\$300,000.00	\$300,000.00	(\$300,000.00)
03	4506			STATE REIMBURSEMENT	\$0.00	\$0.00	\$0.00	\$134.07	(\$134.07)
03	4510			JAIL STATE GRANTS	\$0.00	\$0.00	\$0.00	\$11,000.00	(\$11,000.00)
03	4533			STATE/JAIL ALLOTMENT	\$74,000.00	\$0.00	\$17,918.31	\$73,120.60	\$879.40
03	4534			STATE JAIL MEDICAL	\$7,000.00	\$0.00	\$3,017.68	\$9,583.62	(\$2,583.62)
03	4535			COURT COST COLLECTION (H	\$13,000.00	\$0.00	\$2,236.49	\$17,798.38	(\$4,798.38)
03	4536			DUI FEES	\$6,000.00	\$0.00	\$1,244.84	\$5,544.57	\$455.43
03	4559			SSA INCENTIVE PAY	\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00
03	4701			JAIL - VENDING MACHINE COM	\$0.00	\$0.00	\$0.00	\$26.60	(\$26.60)
03	4702			JAIL TELEPHONE COMMISSIO	\$0.00	\$0.00	\$3,498.43	\$3,498.43	(\$3,498.43)
03	4727			REIMBURSEMENTS	\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00
03	4731			MISCELLANEOUS REVENUES	\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00
03	4806			INTEREST ON CHECKING	\$800.00	\$0.00	\$375.16	\$1,534.44	(\$734.44)
03	4901			SURPLUS PRIOR YEAR	\$0.00	\$0.00	\$0.00	\$127,837.13	(\$127,837.13)
03	4903			ADJUSTMENTS TO PRIOR YEA	\$0.00	\$0.00	\$435.50	\$435.50	(\$435.50)
03	4910			TRANSFER IN	\$1,800,000.00	\$0.00	\$688,646.14	\$1,745,996.14	\$54,003.86
04	4510	001		STATE GRANTS - HB380 WELL	\$2,000,000.00	\$0.00	\$0.00	\$0.00	\$2,000,000.00

Monday, November 02, 2009

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4Q

2008

KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2008
(Continued)

Fund Maj	Subj	Sub2	Description	Budget Original	Amendment	Rec'd this Qtr	Rec'd to Date	Under/Over
04	4510		STATE GRANTS	\$1,100,000.00	\$0.00	\$10,256.41	\$40,256.41	\$1,059,743.59
04	4527		COAL SEVERANCE TAX	\$252,000.00	\$0.00	\$72,950.71	\$271,557.50	(\$19,557.50)
04	4529		MINERALS SEVERANCE TAX	\$400,000.00	\$0.00	\$130,540.14	\$525,570.13	(\$125,570.13)
04	4806		INTEREST ON CHECKING ACC	\$4,000.00	\$0.00	\$1,905.74	\$15,553.75	(\$11,553.75)
04	4901		SURPLUS PRIOR YEAR	\$30,000.00	\$0.00	\$0.00	\$736,662.91	(\$686,662.91)
04	4908		TRANSFER OUT	\$0.00	\$0.00	(\$200,000.00)	(\$255,771.00)	\$255,771.00
04	4910		TRANSFER IN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
23	4134		OCCUPATIONAL LICENSE FEE	\$2,500,000.00	\$0.00	\$727,744.07	\$2,927,603.84	(\$427,603.84)
23	4906		INTEREST ON CHECKING	\$3,000.00	\$0.00	\$694.58	\$2,833.42	\$166.58
23	4901		SURPLUS PRIOR YEAR	\$10,000.00	\$0.00	\$0.00	\$20,596.17	(\$10,596.17)
23	4903		ADJUSTMENTS TO PRIOR YEA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
23	4909		TRANSFER OUT	(\$1,765,000.00)	\$0.00	(\$559,156.82)	(\$1,909,654.29)	\$144,654.29
75	4140		TELEPHONE / 911 TAXES	\$215,000.00	\$0.00	\$68,401.85	\$247,851.51	(\$32,851.51)
75	4731		MISC REVENUE	\$0.00	\$0.00	\$35.00	\$230.00	(\$230.00)
75	4806		INTEREST ON CHECKING	\$3,000.00	\$0.00	\$125.58	\$1,638.58	\$1,360.42
75	4901		SURPLUS PRIOR YEAR	\$132,000.00	\$0.00	\$0.00	\$129,340.17	\$2,659.83
75	4909		TRANSFER OUT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
75	4910		TRANSFER IN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
76	4806		INTEREST ON CHECKING	\$0.00	\$0.00	\$0.00	\$0.48	(\$0.48)
76	4901		SURPLUS, PRIOR YEAR	\$0.00	\$0.00	\$0.00	\$165.56	(\$165.56)
76	4909		TRANSFER OUT	\$0.00	\$0.00	\$0.00	(\$166.04)	\$166.04
77	4504	001	FEDERAL GRANTS - PRIDE RO	\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00
77	4504	002	FEDERAL GRANTS - PRIDE	\$50,000.00	\$0.00	\$0.00	\$0.00	\$50,000.00
77	4504		FEDERAL GRANTS	\$0.00	\$0.00	\$0.00	\$1,576.30	(\$1,576.30)
77	4504	003	COBG-SENIOR CITIZENS CENT	\$0.00	\$0.00	\$0.00	\$10,000.00	(\$10,000.00)
77	4901		SURPLUS, PRIOR YEAR	\$0.00	\$0.00	\$0.00	\$73,716.15	(\$73,716.15)
77	4909		TRANSFER OUT	\$0.00	\$0.00	\$0.00	(\$11,576.30)	\$11,576.30
78	4901		SURPLUS, PRIOR YEAR	\$0.00	\$0.00	\$0.00	\$552.29	(\$552.29)
78	4910		TRANSFER IN	\$65,000.00	\$0.00	\$20,472.50	\$61,040.12	\$3,959.88
79	4134		OCCUPATIONAL LICENSE FEE	\$112,000.00	\$0.00	\$33,320.24	\$101,827.99	\$10,172.01
79	4806		INTEREST ON CHECKING ACC	\$1,000.00	\$0.00	\$122.83	\$785.01	\$214.99
79	4901		SURPLUS PRIOR YEAR	\$50,000.00	\$0.00	\$0.00	\$77,064.97	(\$27,064.97)
79	4910		TRANSFER IN	\$0.00	\$0.00	\$0.00	\$31,751.48	(\$45,164.70)
80	4504		FEDERAL GRANTS	\$100,000.00	\$0.00	\$20,002.14	\$110,420.57	(\$10,420.57)
80	4727		DFC REIMBURSEMENTS	\$0.00	\$0.00	\$0.00	\$99.12	(\$99.12)
80	4901		SURPLUS, PRIOR YEAR	\$0.00	\$0.00	\$0.00	\$1,730.70	(\$1,730.70)

Monday, November 02, 2008

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2008

KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2008
(Continued)

Fund	Maj	Sub1	Sub2	Description	Budget Original	Amendment	Rec'd this Qtr	Rec'd to Date	Under/Over
TOTALS					11,924,800.00	\$800,000.00	\$2,062,726.82	11,691,522.61	\$1,033,277.39

KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2008
(Continued)



Production

Department for Local Government

1024 Capital Center Drive, Suite 340
 Frankfort, Kentucky 40601
 (502) 573-2382 or (800) 346-5606

Disbursements Data

061 - Knox

Fund	Maj	Min	Suf	Description	Budget Original	Amendment	Transfers	Total Available	Claims Allowed	Free Balance
01	5001	101		JUDGE/EXECUTIVE SALARY	\$80,000.00	\$0.00	\$0.00	\$80,000.00	\$76,052.06	\$3,947.92
01	5001	103		JUDGE/EXECUTIVE DEPUTY S	\$48,000.00	\$0.00	\$0.00	\$48,000.00	\$45,951.85	\$2,048.15
01	5001	104		JUDGE/EXECUTIVE FINANCE O	\$23,000.00	\$0.00	\$300.00	\$23,300.00	\$23,265.16	\$34.84
01	5001	105		JUDGE/EXECUTIVE ADMIN. AS	\$23,000.00	\$0.00	\$0.00	\$23,000.00	\$21,858.44	\$1,141.56
01	5001	167		JUDGE/EXECUTIVE CLERICAL	\$17,000.00	\$0.00	\$0.00	\$17,000.00	\$6,000.00	\$11,000.00
01	5001	179		JUDGE/EXECUTIVE TEMP/PAR	\$4,000.00	\$0.00	\$0.00	\$4,000.00	\$0.00	\$4,000.00
01	5001	212		JUDGE/EXECUTIVE TRAINING	\$3,400.00	\$0.00	\$0.00	\$3,400.00	\$2,608.96	\$791.01
01	5001	318		JUDGE/EXECUTIVE DATA PRO	\$3,000.00	\$0.00	\$10,900.00	\$13,900.00	\$13,450.00	\$450.00
01	5001	382		DRUG TESTING	\$0.00	\$0.00	\$19,900.00	\$19,900.00	\$18,950.00	\$950.00
01	5001	445		JUDGE/EXECUTIVE OFFICE SU	\$14,000.00	\$0.00	\$3,300.00	\$17,300.00	\$17,106.87	\$193.03
01	5001	489		JUDGE/EXECUTIVE OTHER SU	\$3,500.00	\$0.00	\$0.00	\$3,500.00	\$1,738.94	\$1,761.06
01	5001	563		JUDGE/EXECUTIVE POSTAGE	\$600.00	\$0.00	\$200.00	\$800.00	\$787.29	\$12.71
01	5001	573		JUDGE/EXECUTIVE TELEPHON	\$12,000.00	\$0.00	\$0.00	\$12,000.00	\$5,369.80	\$6,630.20
01	5001	725		JUDGE/EXECUTIVE OFFICE EQ	\$5,000.00	\$0.00	\$0.00	\$5,000.00	\$1,088.96	\$3,911.02
01	5005	101		COUNTY ATTORNEY SALARY	\$11,400.00	\$0.00	\$0.00	\$11,400.00	\$11,398.96	\$0.04
01	5005	165		COUNTY ATTORNEY SECRETA	\$28,000.00	\$0.00	\$700.00	\$28,700.00	\$28,629.02	\$70.98
01	5005	445		COUNTY ATTORNEY OFFICE S	\$3,000.00	\$0.00	\$500.00	\$3,500.00	\$3,473.93	\$26.07
01	5005	573		COUNTY ATTORNEY TELEPHO	\$3,000.00	\$0.00	\$0.00	\$3,000.00	\$2,789.13	\$210.87
01	5010	302		COUNTY CLERK ADVERTISING	\$0.00	\$0.00	\$1,300.00	\$1,300.00	\$1,021.74	\$278.26
01	5010	307		COUNTY CLERK AUDIT	\$12,000.00	\$0.00	\$4,500.00	\$16,500.00	\$16,274.57	\$225.43
01	5010	364		COUNTY CLERK RENT	\$7,200.00	\$0.00	\$0.00	\$7,200.00	\$5,500.00	\$1,700.00
01	5010	368		COUNTY CLERK TAX BILLS	\$4,000.00	\$0.00	\$5,000.00	\$9,000.00	\$8,715.50	\$284.50
01	5010	573		COUNTY CLERK TELEPHONE	\$13,000.00	\$0.00	\$600.00	\$13,600.00	\$13,557.83	\$42.17
01	5010	578		COUNTY CLERK UTILITIES	\$2,000.00	\$0.00	\$0.00	\$2,000.00	\$1,780.18	\$219.82
01	5015	101		SHERIFF SALARY	\$79,247.00	\$0.00	\$0.00	\$79,247.00	\$48,321.90	\$30,925.10
01	5015	103		SHERIFF DEPUTY SALARIES	\$340,277.00	\$0.00	(\$180,222.74)	\$160,054.26	\$160,054.26	\$0.00
2006			4Q						Monday, November 02, 2009	
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KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2008
(Continued)

Fund	Major	Minor	Sub	Description	Budget Original	Amendment	Transfers	Total Available	Claims Allowed	Free Balance
01	5015	178		SHERIFF DEPUTY OVERTIME P	\$5,336.00	\$0.00	\$0.00	\$5,336.00	\$0.00	\$5,336.00
01	5015	181		SHERIFF DEPUTY INCENTIVE	\$27,900.00	\$0.00	(\$16,186.35)	\$11,711.65	\$11,711.65	\$0.00
01	5015	212		SHERIFF TRAINING - FRINGE B	\$3,300.00	\$0.00	\$400.00	\$3,700.00	\$3,386.52	\$313.48
01	5015	302		SHERIFF ADVERTISING	\$17,000.00	\$0.00	\$0.00	\$17,000.00	\$8,631.00	\$8,369.00
01	5015	307		SHERIFF AUDIT SERVICES	\$17,000.00	\$0.00	\$0.00	\$17,000.00	\$6,532.32	\$10,467.68
01	5015	340		SHERIFF VEHICLE MAINTENANCE	\$15,000.00	\$0.00	\$5,200.00	\$20,200.00	\$19,727.09	\$472.91
01	5015	445		SHERIFF OFFICE SUPPLIES	\$10,000.00	\$0.00	\$0.00	\$10,000.00	\$6,522.50	\$3,477.50
01	5015	455		SHERIFF PETROLEUM PRODUCTS	\$60,000.00	\$0.00	\$0.00	\$60,000.00	\$36,708.92	\$23,291.08
01	5015	481		SHERIFF UNIFORMS	\$5,000.00	\$0.00	\$0.00	\$5,000.00	\$1,507.17	\$3,492.83
01	5015	499		SHERIFF OTHER SUPPLIES	\$4,000.00	\$0.00	\$0.00	\$4,000.00	\$2,784.64	\$1,215.36
01	5015	531		SHERIFF BONDS	\$500.00	\$0.00	\$0.00	\$500.00	\$0.00	\$500.00
01	5015	551		SHERIFF MEMBERSHIP DUES	\$1,100.00	\$0.00	\$0.00	\$1,100.00	\$572.00	\$528.00
01	5015	563		SHERIFF POSTAGE	\$11,000.00	\$0.00	\$0.00	\$11,000.00	\$6,970.00	\$4,030.00
01	5015	573		SHERIFF TELEPHONE	\$8,000.00	\$0.00	\$0.00	\$8,000.00	\$6,452.88	\$1,547.12
01	5015	574		SHERIFF TRAINING	\$3,000.00	\$0.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00
01	5015	999		SHERIFF APPROPRIATIONS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01	5020	101		CORONER SALARY	\$15,900.00	\$0.00	\$0.00	\$15,900.00	\$15,832.96	\$67.04
01	5020	103		CORONER DEPUTY SALARY	\$5,500.00	\$0.00	\$1,000.00	\$6,500.00	\$6,450.00	\$50.00
01	5020	308		CORONER AUTOPSY TRIPS	\$7,500.00	\$0.00	\$0.00	\$7,500.00	\$3,384.00	\$4,116.00
01	5020	446		CORONER SUPPLIES	\$500.00	\$0.00	\$100.00	\$600.00	\$528.74	\$71.26
01	5020	531		CORONER BONDS	\$200.00	\$0.00	\$0.00	\$200.00	\$0.00	\$200.00
01	5025	101		FISCAL COURT MAGISTRATES	\$93,500.00	\$0.00	\$0.00	\$93,500.00	\$93,220.40	\$279.60
01	5025	167		FISCAL COURT CLERK SALARY	\$1,200.00	\$0.00	\$100.00	\$1,300.00	\$1,300.00	\$0.00
01	5025	210		FISCAL COURT EXP. ALLOW. F	\$18,000.00	\$0.00	\$5,300.00	\$23,300.00	\$23,287.08	\$12.92
01	5025	212		FISCAL COURT MAGISTRATES*	\$16,500.00	\$0.00	\$0.00	\$16,500.00	\$5,217.98	\$11,282.02
01	5025	302		FISCAL COURT ADVERTISING	\$2,500.00	\$0.00	\$1,800.00	\$4,300.00	\$4,284.36	\$15.64
01	5025	319		FISCAL COURT WEBSITE DEV	\$2,500.00	\$0.00	\$0.00	\$2,500.00	\$0.00	\$2,500.00
01	5025	332		FISCAL COURT LEGAL FEES	\$5,000.00	\$0.00	\$0.00	\$5,000.00	\$3,575.00	\$1,425.00
01	5025	531		FISCAL COURT BONDS	\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$0.00	\$1,000.00
01	5025	566		FISCAL COURT REIMBURSEMENT	\$5,000.00	\$0.00	\$0.00	\$5,000.00	\$363.08	\$4,636.92
01	5030	367		PVA STATUTORY CONTRIBUTION	\$36,000.00	\$0.00	\$8,000.00	\$44,000.00	\$42,964.00	\$1,036.00
01	5030	573		PVA TELEPHONE	\$2,600.00	\$0.00	\$300.00	\$2,900.00	\$2,775.13	\$124.87
01	5035	191		BOARD OF ASSESSMENT APP	\$800.00	\$0.00	\$0.00	\$800.00	\$800.00	\$0.00
01	5040	102		TREASURER - SALARY	\$37,000.00	\$0.00	\$0.00	\$37,000.00	\$35,740.20	\$1,259.80
01	5040	445		TREASURER OFFICE SUPPLIES	\$2,500.00	\$0.00	\$0.00	\$2,500.00	\$2,485.67	\$14.33
01	5040	531		TREASURER-BOND	\$4,300.00	\$0.00	\$0.00	\$4,300.00	\$4,263.00	\$37.00
01	5040	725		TREASURER EQUIPMENT	\$1,500.00	\$0.00	\$0.00	\$1,500.00	\$0.00	\$1,500.00
2008				4Q	Page 2 of 7					Monday, November 02, 2009

KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2008
(Continued)

Fund	Minj	Min	Suf	Description	Budget Original	Amendment	Transfers	Total Available	Claims Allowed	Free Balance
01	5047	142		OCCUPATIONAL TAX ADMINIS	\$31,500.00	\$0.00	\$0.00	\$31,500.00	\$30,634.58	\$865.42
01	5047	318		OCCUPATIONAL TAX DATA PR	\$0.00	\$0.00	\$3,800.00	\$3,800.00	\$3,800.00	\$0.00
01	5047	332		OCCUPATIONAL TAX LEGAL F	\$1,500.00	\$0.00	\$1,000.00	\$2,500.00	\$1,835.84	\$664.16
01	5047	445		OCCUPATIONAL TAX SUPPLIE	\$2,000.00	\$0.00	\$0.00	\$2,000.00	\$1,437.44	\$562.56
01	5047	563		OCCUPATIONAL TAX POSTAG	\$2,000.00	\$0.00	\$5,300.00	\$7,300.00	\$2,970.05	\$4,329.95
01	5047	576		OCCUPATIONAL TAX TRAVEL	\$2,000.00	\$0.00	\$0.00	\$2,000.00	\$1,032.02	\$1,866.98
01	5047	725		OCCUPATIONAL TAX OFFICE E	\$1,500.00	\$0.00	\$0.00	\$1,500.00	\$1,106.26	\$393.74
01	5060	101		LAW LIBRARY ANNUAL EXPEN	\$600.00	\$0.00	\$300.00	\$900.00	\$900.00	\$0.00
01	5065	192		ELECTION OFFICERS SALARIE	\$32,600.00	\$0.00	\$0.00	\$32,600.00	\$30,744.32	\$1,855.68
01	5065	193		ELECTION COMMISSIONERS S	\$3,000.00	\$0.00	\$1,000.00	\$4,000.00	\$4,000.00	\$0.00
01	5065	302		ELECTION ADVERTISING	\$9,000.00	\$0.00	\$0.00	\$9,000.00	\$940.80	\$8,059.20
01	5065	341		ELECTION MAINTENANCE & R	\$21,300.00	\$0.00	\$7,500.00	\$28,800.00	\$28,589.14	\$210.86
01	5065	347		ELECTIONS POLLING PLACES	\$2,400.00	\$0.00	\$0.00	\$2,400.00	\$2,400.00	\$0.00
01	5065	399		ELECTIONS DELIVERY OF VOT	\$2,000.00	\$0.00	\$0.00	\$2,000.00	\$1,760.00	\$240.00
01	5080	175		COURTHOUSE CUSTODIAL PE	\$73,000.00	\$0.00	\$0.00	\$73,000.00	\$66,209.10	\$6,790.90
01	5080	177		COURTHOUSE MAINT. & GROU	\$29,000.00	\$0.00	\$2,000.00	\$31,000.00	\$30,919.57	\$80.43
01	5080	336		COURTHOUSE MAINTENANCE	\$20,000.00	\$0.00	\$0.00	\$20,000.00	\$16,081.31	\$3,908.69
01	5080	366		COURTHOUSE GARBAGE COL	\$1,800.00	\$0.00	\$0.00	\$1,800.00	\$1,500.00	\$300.00
01	5080	406		COURTHOUSE SUPPLIES	\$8,000.00	\$0.00	\$2,400.00	\$10,400.00	\$10,357.05	\$42.95
01	5080	570		COURTHOUSE RENEWAL & RE	\$7,500.00	\$0.00	\$0.00	\$7,500.00	\$3,435.60	\$4,064.40
01	5080	578		COURTHOUSE UTILITIES	\$46,000.00	\$0.00	\$4,000.00	\$50,000.00	\$48,501.49	\$1,498.51
01	5080	602		PAYMENT ON LEASE (ANNEX)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01	5080	725		COURTHOUSE EQUIPMENT	\$2,000.00	\$0.00	\$0.00	\$2,000.00	\$185.00	\$1,805.00
01	5121	902		FOREST FIRE PROTECTION	\$0.00	\$0.00	\$3,616.00	\$3,616.00	\$3,616.00	\$0.00
01	5135	107		DES SALARY	\$18,900.00	\$0.00	\$0.00	\$18,900.00	\$10,903.95	\$7,996.05
01	5135	445		DES OFFICE SUPPLIES	\$0.00	\$0.00	\$2,326.30	\$2,326.30	\$2,252.27	\$74.03
01	5135	455		DES PETROLEUM PRODUCTS	\$3,800.00	\$0.00	\$2,000.00	\$5,800.00	\$5,284.95	\$515.05
01	5135	574		DES TRAINING	\$0.00	\$0.00	\$600.00	\$600.00	\$563.00	\$37.00
01	5140	446		EMS EQUIPMENT	\$0.00	\$0.00	\$8,000.00	\$8,000.00	\$7,657.55	\$342.45
01	5175	573		PUBLIC ADVOCACY TELEPHO	\$1,500.00	\$0.00	\$0.00	\$1,500.00	\$1,493.44	\$6.56
01	5175	903		PUBLIC ADVOCACY	\$5,000.00	\$0.00	\$0.00	\$5,000.00	\$3,974.00	\$1,026.00
01	5205	102		ANIMAL CONTROL DOG WARD	\$18,500.00	\$0.00	\$0.00	\$18,500.00	\$0.00	\$18,500.00
01	5205	340		ANIMAL CONTROL VEHICLE M	\$3,000.00	\$0.00	\$0.00	\$3,000.00	\$90.13	\$2,919.87
01	5205	398		ANIMAL CONTROL CONTRACT	\$15,000.00	\$0.00	\$0.00	\$15,000.00	\$7,500.00	\$7,500.00
01	5205	446		ANIMAL CONTROL SUPPLIES	\$4,000.00	\$0.00	\$0.00	\$4,000.00	\$10.57	\$3,989.43
01	5205	455		ANIMAL CONTROL PETROLEU	\$7,000.00	\$0.00	\$0.00	\$7,000.00	\$6,771.52	\$228.48
01	5205	574		ANIMAL CONTROL TRAINING	\$500.00	\$0.00	\$0.00	\$500.00	\$0.00	\$500.00
2008				4Q	Page 3 of 7					Monday, November 02, 2008

KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2008
(Continued)

Fund	Major	Minor	Sub	Description	Budget Original	Amendment	Transfers	Total Available	Claims Allowed	Free Balance
01	5205	739		ANIMAL CONTROL EQUIPMENT	\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$0.00	\$1,000.00
01	5212	107		SOLID WASTE COORDINATOR	\$21,000.00	\$0.00	\$0.00	\$21,000.00	\$20,580.00	\$420.00
01	5212	366		SOLID WASTE GARBAGE COLL.	\$7,000.00	\$0.00	\$36,355.51	\$43,355.51	\$43,056.51	\$299.00
01	5212	445		SOLID WASTE SUPPLIES & MA	\$7,400.00	\$0.00	\$0.00	\$7,400.00	\$4,720.86	\$2,679.14
01	5212	455		SOLID WASTE PETROLEUM PR	\$10,000.00	\$0.00	\$7,400.00	\$17,400.00	\$17,319.14	\$80.86
01	5212	569		SOLID WASTE CONFERENCES,	\$5,000.00	\$0.00	\$0.00	\$5,000.00	\$144.90	\$355.10
01	5212	573		SOLID WASTE TELEPHONE	\$2,000.00	\$0.00	\$0.00	\$2,000.00	\$1,427.62	\$572.38
01	5212	582		SOLID WASTE VEHICLE MAINT.	\$5,000.00	\$0.00	\$0.00	\$5,000.00	\$4,461.20	\$538.80
01	5212	725		SOLID WASTE EQUIPMENT	\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$0.00	\$1,000.00
01	5305	507		SENIOR CITIZEN PROGRAM	\$10,000.00	\$0.00	\$65,771.00	\$75,771.00	\$39,227.32	\$36,543.68
01	5401	348		CORBIN LITTLE LEAGUE PROG	\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$1,000.00	\$0.00
01	5401	398		PARK CONTRACT SERVICES	\$12,000.00	\$0.00	\$0.00	\$12,000.00	\$9,268.12	\$2,731.88
01	5401	467		PARK MATERIALS & SUPPLIES	\$6,000.00	\$0.00	\$0.00	\$6,000.00	\$2,740.65	\$3,259.35
01	5401	578		PARK UTILITIES	\$1,500.00	\$0.00	\$1,500.00	\$3,000.00	\$2,883.22	\$116.78
01	7700	602		PAYMENT ON LEASE (SHERIFF	\$75,000.00	\$0.00	\$0.00	\$75,000.00	\$73,850.55	\$1,149.45
01	9100	307		STATE AUDITING SERVICES	\$70,000.00	\$0.00	\$0.00	\$70,000.00	\$0.00	\$70,000.00
01	9100	503		BANK CHARGES	\$0.00	\$0.00	\$50.00	\$50.00	\$29.25	\$20.75
01	9100	521		INSURANCE	\$90,000.00	\$0.00	\$80,000.00	\$170,000.00	\$161,449.09	\$8,550.91
01	9100	531		INSURANCE - BONDS	\$600.00	\$0.00	\$7,200.00	\$7,800.00	\$7,051.50	\$748.50
01	9100	551		MEMBERSHIPS	\$19,000.00	\$0.00	\$0.00	\$19,000.00	\$18,819.62	\$180.38
01	9100	567		REFUNDS	\$0.00	\$0.00	\$5,525.00	\$5,525.00	\$5,200.98	\$324.02
01	9100	569		REGISTRATION, CONFERENCE	\$25,000.00	\$0.00	\$0.00	\$25,000.00	\$22,867.64	\$2,132.36
01	9200	999		RESERVE FOR TRANSFERS	\$785,000.00	\$0.00	(\$766,742.14)	\$18,257.86	\$0.00	\$18,257.86
01	9300	999		TRANSFER OF APPROPRIATIO	\$0.00	\$0.00	\$177,878.01	\$177,878.01	\$0.00	\$177,878.01
01	9400	201		SOCIAL SECURITY, CO. MATC	\$62,000.00	\$0.00	\$0.00	\$62,000.00	\$56,549.83	\$5,450.17
01	9400	202		RETIREMENT, CO. MATCH	\$166,000.00	\$0.00	\$0.00	\$166,000.00	\$120,046.31	\$45,953.69
01	9400	205		EMPLOYEE HEALTH INSURAN	\$308,000.00	\$0.00	\$0.00	\$308,000.00	\$291,105.36	\$16,894.64
01	9400	208		UNEMPLOYMENT COMPENSAT	\$24,840.00	\$0.00	\$0.00	\$24,840.00	\$0.00	\$24,840.00
01	9400	209		WORKMEN'S COMPENSATION	\$66,000.00	\$0.00	\$0.00	\$66,000.00	\$52,823.64	\$13,176.36
02	6103	102		ROAD SUPERVISOR SALARY	\$31,500.00	\$0.00	\$0.00	\$31,500.00	\$30,648.00	\$852.00
02	6105	143		ROAD WORKERS SALARIES	\$390,000.00	\$0.00	\$0.00	\$390,000.00	\$368,305.76	\$21,694.24
02	6105	302		ROAD PRINTING & ADVERTISI	\$500.00	\$0.00	\$0.00	\$500.00	\$0.00	\$500.00
02	6105	348		LITTER ABATEMENT SUPPORT	\$20,000.00	\$0.00	\$47,500.00	\$67,500.00	\$67,266.48	\$233.52
02	6105	366		GARBAGE SERVICE	\$1,800.00	\$0.00	\$2,000.00	\$3,800.00	\$1,510.00	\$2,290.00
02	6105	373		CONTRACT LABOR	\$20,000.00	\$0.00	\$19,400.00	\$39,400.00	\$38,090.55	\$1,309.45
02	6105	441		NEW MACHINERY & EQUIPME	\$40,000.00	\$0.00	\$184,500.00	\$224,500.00	\$224,269.12	\$230.88
02	6105	443		MOTOR VEHICLE REPAIR PAR	\$35,000.00	\$0.00	\$27,000.00	\$62,000.00	\$60,622.27	\$1,377.73
2008			4Q							
						Page 4 of 7			Monday, November 02, 2009	

KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2008
(Continued)

Fund	Major	Min	Sub	Description	Budget Original	Amendment	Transfers	Total Available	Claims Allowed	Free Balance
02	6105	445		OFFICE SUPPLIES	\$1,200.00	\$0.00	\$800.00	\$2,000.00	\$1,951.91	\$48.09
02	6105	447		ROAD MATERIALS	\$400,000.00	\$250,000.00	\$1,229,000.00	\$1,879,000.00	\$1,878,854.74	\$145.26
02	6105	455		PETROLEUM PRODUCTS	\$90,000.00	\$0.00	\$37,200.00	\$127,200.00	\$127,169.44	\$30.56
02	6105	499		ROAD OTHER SUPPLIES	\$1,000.00	\$0.00	\$13,800.00	\$14,800.00	\$13,169.97	\$1,630.03
02	6105	573		ROAD TELEPHONE	\$2,000.00	\$0.00	\$200.00	\$2,200.00	\$2,054.18	\$145.82
02	6105	578		UTILITIES	\$3,000.00	\$0.00	\$0.00	\$3,000.00	\$2,828.58	\$171.42
02	6105	713		ROAD EQUIPMENT	\$15,000.00	\$0.00	\$0.00	\$15,000.00	\$0.00	\$15,000.00
02	9100	521		INSURANCE	\$75,000.00	\$0.00	(\$50,000.00)	\$25,000.00	\$6,210.00	\$18,790.00
02	9200	999		RESERVE FOR TRANSFERS	\$32,000.00	\$550,000.00	(\$561,777.26)	\$20,222.74	\$0.00	\$20,222.74
02	9300	999		TRANSFER OF APPROPRIATIO	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
02	9400	201		SOCIAL SECURITY COUNTY M	\$33,000.00	\$0.00	\$500.00	\$33,500.00	\$33,406.29	\$93.71
02	9400	202		RETIREMENT, COUNTY MATCH	\$68,000.00	\$0.00	\$5,000.00	\$73,000.00	\$72,412.13	\$587.87
02	9400	205		EMPLOYEE HEALTH INSURAN	\$62,000.00	\$0.00	\$18,000.00	\$80,000.00	\$75,020.00	\$4,980.00
02	9400	208		UNEMPLOYMENT	\$12,000.00	\$0.00	\$0.00	\$12,000.00	\$0.00	\$12,000.00
02	9400	209		WORKERS' COMPENSATION	\$65,000.00	\$0.00	(\$27,900.00)	\$37,100.00	\$25,565.01	\$11,534.99
03	5101	725		JAIL EQUIPMENT	\$5,000.00	\$0.00	\$5,200.00	\$10,200.00	\$10,063.10	\$136.90
03	5101	101		JAILERS SALARY	\$53,000.00	\$0.00	\$700.00	\$53,700.00	\$53,620.19	\$79.81
03	5101	103		JAIL PERSONNEL SALARIES	\$182,100.00	\$0.00	\$85,000.00	\$267,100.00	\$232,040.38	\$15,059.62
03	5101	212		JAILER TRAINING FRINGE BEN	\$0.00	\$0.00	\$1,000.00	\$1,000.00	\$946.63	\$153.37
03	5101	314		CONTRACTS WITH OTHER CO	\$900,000.00	\$0.00	\$0.00	\$900,000.00	\$877,530.48	\$22,469.52
03	5101	334		BUILDING REPAIR	\$10,000.00	\$0.00	\$4,000.00	\$14,000.00	\$12,969.53	\$1,030.47
03	5101	336		EQUIPMENT REPAIR	\$3,000.00	\$0.00	\$12,000.00	\$15,000.00	\$13,728.10	\$1,271.90
03	5101	348		PEST CONTROL	\$1,200.00	\$0.00	\$0.00	\$1,200.00	\$405.00	\$795.00
03	5101	366		GARBAGE SERVICE	\$1,700.00	\$0.00	\$0.00	\$1,700.00	\$1,658.00	\$42.00
03	5101	406		BUILDING MAINTENANCE SUP	\$3,000.00	\$0.00	\$6,000.00	\$9,000.00	\$2,032.44	\$6,967.56
03	5101	425		FOOD	\$28,000.00	\$0.00	\$14,000.00	\$42,000.00	\$41,719.89	\$280.11
03	5101	445		OFFICE SUPPLIES	\$2,300.00	\$0.00	\$2,200.00	\$4,500.00	\$4,538.49	(\$38.49)
03	5101	455		PETROLEUM PRODUCTS	\$16,000.00	\$0.00	\$0.00	\$16,000.00	\$9,246.50	\$6,753.50
03	5101	481		STAFF UNIFORMS	\$2,000.00	\$0.00	\$0.00	\$2,000.00	\$0.00	\$2,000.00
03	5101	499		JAIL OTHER SUPPLIES	\$1,000.00	\$0.00	\$20,400.00	\$21,400.00	\$20,982.00	\$418.00
03	5101	531		JAILER BONDS	\$500.00	\$0.00	\$0.00	\$500.00	\$0.00	\$500.00
03	5101	549		ROUTINE MEDICAL	\$100,000.00	\$0.00	\$0.00	\$100,000.00	\$37,975.95	\$62,024.05
03	5101	573		TELEPHONE	\$3,000.00	\$0.00	\$0.00	\$3,000.00	\$2,557.09	\$442.91
03	5101	578		UTILITIES	\$15,000.00	\$0.00	\$3,500.00	\$18,500.00	\$17,790.19	\$709.81
03	5101	592		MOTOR VEHICLE REPAIR	\$3,000.00	\$0.00	\$600.00	\$3,600.00	\$3,596.28	\$3.72
03	5102	314		CONTRACTS WITH OTHER CO	\$60,000.00	\$0.00	\$0.00	\$60,000.00	\$51,409.21	\$8,591.00
03	7700	602		PAYMENT ON LEASE	\$37,000.00	\$0.00	\$1,000.00	\$38,000.00	\$37,409.21	\$590.79
2008				4Q						
						Page 5 of 7			Monday, November 02, 2009	

KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2008
(Continued)

Fund	Major	Minor	Sub	Description	Budget Original	Amendment	Transfers	Total Available	Claims Allowed	Free Balance
03	9100	332		LEGAL FEES	\$3,000.00	\$0.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00
03	9100	521		INSURANCE	\$50,000.00	\$0.00	\$0.00	\$50,000.00	\$4,520.00	\$45,480.00
03	9100	551		MEMBERSHIP DUES	\$500.00	\$0.00	\$0.00	\$500.00	\$100.00	\$400.00
03	9100	569		REGISTRATION, CONFERENCE	\$500.00	\$0.00	\$500.00	\$1,000.00	\$944.04	\$55.96
03	9200	999		RESERVE FOR TRANSFERS	\$275,000.00	\$0.00	\$612,800.00	\$887,800.00	\$0.00	\$887,800.00
03	9300	999		TRANSFER OF APPROPRIATIO	\$0.00	\$0.00	(\$757,000.00)	(\$757,000.00)	\$0.00	(\$757,000.00)
03	9400	201		SOCIAL SECURITY, COUNTY S	\$18,000.00	\$0.00	\$3,000.00	\$21,000.00	\$20,480.35	\$519.65
03	9400	202		RETIREMENT, COUNTY SHARE	\$38,000.00	\$0.00	\$5,100.00	\$43,100.00	\$43,088.19	\$13.81
03	9400	205		EMPLOYEE INSURANCE-HEAL	\$63,000.00	\$0.00	\$0.00	\$63,000.00	\$38,680.00	\$24,320.00
03	9400	208		UNEMPLOYMENT INSURANCE	\$7,000.00	\$0.00	\$0.00	\$7,000.00	\$0.00	\$7,000.00
03	9400	209		WORKERS COMPENSATION	\$22,000.00	\$0.00	\$0.00	\$22,000.00	\$21,995.01	\$4.99
04	5140	303		AMBULANCE	\$0.00	\$0.00	\$146,126.91	\$146,126.91	\$141,383.32	\$4,743.59
04	6105	602		PAYMENT ON ROAD EQUIPME	\$191,000.00	\$0.00	\$0.00	\$191,000.00	\$186,135.94	\$4,864.06
04	8001	742		WEST KNOX COURTHOUSE AN	\$750,000.00	\$0.00	(\$50.00)	\$749,950.00	\$0.00	\$749,950.00
04	8001	742	001	WELLNESS CENTER HB380	\$2,000,000.00	\$0.00	\$0.00	\$2,000,000.00	\$0.00	\$2,000,000.00
04	8098	348		LGEDF GRANTS OTHER CAPIT	\$865,000.00	\$0.00	(\$696,126.91)	\$168,873.09	\$70,000.00	\$98,873.09
04	9100	503		BANK CHARGES	\$0.00	\$0.00	\$50.00	\$50.00	\$14.30	\$35.70
04	9300	999		LGEA APPROPRIATIONS	\$0.00	\$0.00	(\$55,771.00)	(\$55,771.00)	\$0.00	(\$55,771.00)
23	5047	332		OCCUPATIONAL TAX LEAGAL	\$0.00	\$0.00	\$4,800.00	\$4,800.00	\$4,679.98	\$120.02
23	5047	567		REFUNDS	\$3,000.00	\$0.00	\$2,450.00	\$5,450.00	\$5,216.59	\$233.41
23	5047	902		PAYMENTS TO GOVERNMENT	\$745,000.00	\$0.00	\$53,688.35	\$798,688.35	\$793,967.61	\$4,720.74
23	9100	503		BANK CHARGES	\$0.00	\$0.00	\$50.00	\$50.00	\$29.25	\$20.75
23	9300	999		TRANSFER OF APPROPRIATIO	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
75	5145	107		911 DIRECTOR	\$25,400.00	\$0.00	\$0.00	\$25,400.00	\$24,567.25	\$832.75
75	5145	131		911 DATABASE TECHNICIAN	\$25,300.00	\$0.00	\$0.00	\$25,300.00	\$23,625.20	\$1,674.80
75	5145	167		911 CLERICAL	\$29,800.00	\$0.00	\$15,800.00	\$45,600.00	\$45,525.71	\$74.29
75	5145	340		911 VEHICLE MAINTENANCE	\$2,000.00	\$0.00	\$0.00	\$2,000.00	\$0.00	\$2,000.00
75	5145	398		911 CONTRACT SERVICES	\$2,000.00	\$0.00	\$8,000.00	\$10,000.00	\$9,828.00	\$172.00
75	5145	413		DATA PROCESSING SUPPLIES	\$2,000.00	\$0.00	\$0.00	\$2,000.00	\$156.70	\$1,843.30
75	5145	446		911 FUNCTION SPECIFIC EQUI	\$15,000.00	\$0.00	\$0.00	\$15,000.00	\$0.00	\$15,000.00
75	5145	456		911 PETROLEUM PRODUCTS	\$1,500.00	\$0.00	\$0.00	\$1,500.00	\$1,382.90	\$117.10
75	5145	498		911 OTHER SUPPLIES	\$1,000.00	\$0.00	\$3,100.00	\$4,100.00	\$4,088.79	\$11.21
75	5145	573		911 TELEPHONE / CELL PHON	\$110,000.00	\$0.00	\$48,000.00	\$158,000.00	\$156,318.87	\$1,681.13
75	5145	578		911 UTILITIES	\$500.00	\$0.00	\$0.00	\$500.00	\$181.98	\$318.02
75	5145	598		911 EQUIPMENT MAINTENANC	\$10,500.00	\$0.00	\$0.00	\$10,500.00	\$1,800.00	\$8,700.00
75	5145	725		911 EQUIPMENT	\$5,000.00	\$0.00	\$14,000.00	\$19,000.00	\$17,867.76	\$1,132.24
75	9100	521		INSURANCE	\$10,000.00	\$0.00	\$0.00	\$10,000.00	\$690.00	\$9,310.00
2008			4Q							Monday, November 02, 2009

KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2008
(Continued)

Fund	Major	Minor	Sub	Description	Budget Original	Amendment	Transfers	Total Available	Claims Allowed	Free Balance
75	9100	569		911 CONFERENCE/REGISTRAR	\$500.00	\$0.00	\$0.00	\$500.00	\$0.00	\$500.00
75	9200	999		RESERVE FOR TRANSFERS	\$75,000.00	\$0.00	(\$70,000.00)	\$5,000.00	\$0.00	\$5,000.00
75	9400	201		MATCHING SOCIAL SECURITY	\$6,200.00	\$0.00	\$1,000.00	\$7,200.00	\$6,809.79	\$390.21
75	9400	202		MATCHING RETIREMENT	\$13,000.00	\$0.00	\$100.00	\$13,100.00	\$13,029.73	\$70.27
75	9400	205		EMPLOYEE HEALTH INSURANCE	\$8,300.00	\$0.00	\$0.00	\$8,300.00	\$7,860.00	\$440.00
75	9400	208		UNEMPLOYMENT INSURANCE	\$3,000.00	\$0.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00
75	9400	209		911-WORKER COMPENSATION	\$4,000.00	\$0.00	\$0.00	\$4,000.00	\$4,000.00	\$0.00
77	5075	730		ROAD PROJECTS	\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$0.00	\$1,000.00
77	5212	398		CONTRACTED SERVICES/COM	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
77	5212	398	001	FEDERAL GRANTS - PRIDE	\$90,000.00	\$0.00	(\$1,576.30)	\$48,423.70	\$5,274.12	\$43,149.58
77	9200	999		RESERVE FOR TRANSFERS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
77	9300	999		TRANSFER OF APPROPRIATIO	\$0.00	\$0.00	(\$10,000.00)	(\$10,000.00)	\$0.00	(\$10,000.00)
78	7100	601		PAYMENT ON BONDS	\$85,000.00	\$0.00	\$40,567.62	\$105,567.62	\$61,040.12	\$44,527.50
79	5075	548		PAYMENTS TO GOVERNMENT	\$109,000.00	\$0.00	(\$42,000.00)	\$67,000.00	\$64,329.96	\$2,670.04
79	5075	567		SEKRBP REFUNDS	\$0.00	\$0.00	\$55,413.22	\$55,413.22	\$54,626.60	\$786.62
79	9200	999		RESERVE FOR TRANSFER	\$54,000.00	\$0.00	\$0.00	\$54,000.00	\$0.00	\$54,000.00
79	9300	999		TRANSFER OF APPROPRIATIO	\$0.00	\$0.00	(\$13,413.22)	(\$13,413.22)	\$0.00	(\$13,413.22)
80	5340	107		PROJECT DIRECTOR SALARY	\$53,000.00	\$0.00	\$0.00	\$53,000.00	\$51,608.16	\$1,391.84
80	5340	210		EXPENSE ALLOWANCE FOR H	\$4,500.00	\$0.00	(\$4,500.00)	\$0.00	\$0.00	\$0.00
80	5340	315		DFC CONTRACTS	\$22,200.00	\$0.00	(\$300.00)	\$21,900.00	\$21,476.40	\$423.60
80	5340	445		DFC OFFICE SUPPLIES	\$0.00	\$0.00	\$20,500.00	\$20,500.00	\$20,173.79	\$326.21
80	5340	551		DFC COALITION MEMBERSHIP	\$0.00	\$0.00	\$1,400.00	\$1,400.00	\$0.00	\$1,400.00
80	5340	566		DFC - REIMBURSEMENT	\$0.00	\$0.00	\$1,400.00	\$1,400.00	\$0.00	\$1,400.00
80	5340	567		DFC REFUND	\$0.00	\$0.00	\$833.30	\$833.30	\$833.30	\$0.00
80	5340	574		DFC TRAINING	\$0.00	\$0.00	\$2,300.00	\$2,300.00	\$2,229.80	\$70.20
80	9100	503		BANK CHARGES	\$0.00	\$0.00	\$15.00	\$15.00	\$14.30	\$0.70
80	9200	999		RESERVE FOR TRANSFER	\$9,200.00	\$0.00	(\$8,348.30)	\$851.70	\$0.00	\$851.70
80	9400	201		SOCIAL SECURITY MATCH	\$4,100.00	\$0.00	\$0.00	\$4,100.00	\$2,958.79	\$1,141.21
80	9400	202		RETIREMENT MATCH	\$2,700.00	\$0.00	\$5,500.00	\$8,200.00	\$7,894.38	\$305.62
80	9400	209		WORKERS COMPENSATION	\$4,300.00	\$0.00	\$0.00	\$4,300.00	\$4,200.00	\$100.00
TOTALS					\$11,924,800.00	\$800,000.00	\$0.00	\$12,724,800.00	\$9,595,813.93	\$4,128,986.07

KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2008
(Continued)



Production

Department for Local Government

1024 Capital Center Drive, Suite 340
 Frankfort, Kentucky 40601
 (502) 573-2382 or (800) 346-5606

Liabilities Data

061 - Knox

Fund	Major	Minor	Suffix	Description	Total	Balance	Issue Information			Payments Due
01	PRI	5080	602	Courthouse Annex Series			Term	25	Total	
					\$4,639,065.00	\$1,980,000.00	Rate	04.2500	Res. Earn.	
	INT	5080	602	1997 - Paid by AOC	\$2,064,065.00	\$365,445.00	Issued	03/01/1998	Outstand.	09/01/2008 Next 03/01/1998 Final
04	PRI	6105	602	John Deere Credit - Loader	\$118,300.00	\$0.00	Term	5	Total	
					\$12,587.87	\$0.00	Rate	03.9000	Res. Earn.	
	INT	6105	602			\$0.00	Issued	04/10/2003	Outstand.	10/10/2006 Next 03/10/2008 Final
03	PRI	7700	602	KLCFCA Jail Lease - Refinance	\$276,310.10	\$210,411.10	Term	10	Total	
					\$105,177.42	\$49,963.09	Rate	00.0000	Res. Earn.	
	INT	7700	602				Issued	11/16/2004	Outstand.	03/20/2007 Next 10/01/2014 Final
04	PRI	6105	602	KADO Lease A - Road	\$485,000.00	\$165,000.00	Term	5	Total	
				Equipment	\$59,682.42	\$12,510.00	Rate	04.0600	Res. Earn.	
	INT	6105	602				Issued	01/19/2005	Outstand.	01/20/2007 Next 02/01/2010 Final
04	PRI	6105	602	KADO Lease B - Road	\$495,000.00	\$280,000.00	Term	10	Total	
				Equipment	\$106,295.42	\$44,833.75	Rate	04.2100	Res. Earn.	
	INT	6105	602				Issued	09/01/2005	Outstand.	12/20/2006 Next 07/01/2015 Final
01	PRI	7700	602	First Capital Equipment -	\$270,000.00	\$120,000.00	Term	4	Total	
				Sheriff Vehicles	\$30,786.88	\$0.00	Rate	04.4700	Res. Earn.	
	INT	7700	602			\$0.00	Issued	11/01/2006	Outstand.	06/01/2007 Next 03/01/2011 Final

KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2008
(Continued)

Fund	Maj	Min	Suffix	Description	Total	Balance	Issue Information			Payments Due
78							Term	29		
	PRI	7100	601	General Obligation Bonds -	\$985,000.00	\$965,000.00	Rate	02/8000		
	INT	7100	605	Series 2005	\$187,538.76	\$175,561.26	Issued	12/01/2006		
									Total	\$1,772,538.76
									Res. Earn.	\$0.00
									Outstand.	\$1,690,561.26
										Next
										Final
										05/20/2007
										12/01/2035
78							Term	30		
	PRI	7100	601	G.O. Bonds - Series 2006 --	\$15,815,000.00	\$15,815,000.00	Rate	00.0000		
	INT	7100	605	Paid by Hospital (PHC)	\$15,185,715.92	\$15,185,715.92	Issued	12/01/2006		
									Total	\$31,000,715.92
									Res. Earn.	\$0.00
									Outstand.	\$31,000,715.92
										Next
										Final
										06/01/2007
										12/01/2036
				TOTALS-PRI	\$23,083,675.10	\$19,535,411.10			Issues	\$41,455,524.79
				TOTALS-INT	\$18,371,849.69	\$16,885,026.02			Res. Earn.	\$0.00
									Outstand.	\$36,420,437.12

KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2008
(Continued)

<p>Department for Local Government 1024 Capital Center Drive, Suite 340 Frankfort, Kentucky 40601 (502) 573-2382 or (800) 346-5606</p>	<p>Liabilities_TOTAL Data</p>
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061 - Knox

Long Term	Short Term	Total
\$36,420,437.12	\$0.00	\$36,420,437.12

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



*Simon,
Underwood &
Associates* PSC

Certified Public Accountants and Consultants

The Honorable J. M. Hall, Knox County Judge/Executive
Members of the Knox County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We were engaged to audit the financial activity of the Fourth Quarter Report of Knox County, Kentucky, as of and for the year ended June 30, 2008, and have issued our report thereon dated June 26, 2009, wherein, we disclaimed an opinion on the financial activity contained in the Fourth Quarter Report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Knox County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Fourth Quarter Report and not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Knox County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the following deficiencies described in the accompanying comments and recommendations to be significant deficiencies in internal control over financial reporting: 2008-01, 2008-02, 2008-03, 2008-05, 2008-06, 2008-07, 2008-12, 2008-14, 2008-16, and 2008-18.

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described above to be material weaknesses as follows: 2008-01, 2008-03, 2008-05, 2008-12, and 2008-18.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Knox County's Fourth Quarter Report is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations are as follows: 2008-03, 2008-04, 2008-08, 2008-09, 2008-10, 2008-11, 2008-13, 2008-14, 2008-15, 2008-16, 2008-17, and 2008-19.

The Knox County Judge/Executive's responses to the comments and recommendations identified in our report are included in the accompanying comments and recommendations. We did not audit the Knox County Judge/Executive's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Knox County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.



Simon, Underwood & Associates PSC
Certified Public Accountants and Consultants

Louisville, Kentucky
June 26, 2009

**KNOX COUNTY
COMMENTS AND RECOMMENDATIONS**

For The Year Ended June 30, 2008

**KNOX COUNTY
COMMENTS AND RECOMMENDATIONS**

Fiscal Year Ended June 30, 2008

2008-01 The County Should Improve Their Internal Control Procedures

The County has a lack of segregation of duties. Due to the entity's diversity of official operations, small size, and budget restrictions the County has limited options for establishing an adequate segregation of duties. We recommend the following procedures be implemented to strengthen the internal control weaknesses:

- An independent person opens the bank statements and reviews them for unusual items, such as debit memos, and overdraft charges. The person should initial the bank statement in order document this control.
- An independent person should review the treasurer's bank reconciliations for accuracy. The person completing this review should initial the bank reconciliation to document that a review was performed.
- An employee independent of check writing and posting duties should match purchase orders to checks and invoices. The employee who signs the checks should also cancel the purchase orders and invoices to ensure invoices are not paid twice.
- To have better internal controls, it is considered a best practice to keep the receipt of cash, the disbursement of cash, and the posting of cash to the ledgers delegated to separate individuals.

We recommend the County implement these procedures. This will help segregate the duties of the County Treasurer as well as other employees.

County Judge/Executive J.M. Hall's Response: Most procedures have been implemented.

2008-02 The County Should Maintain Proper Records For The Public Properties Corporation Fund

The County should maintain proper records for the Public Properties Corporation – Debt Service Fund (PPC). Since the Fiscal Court is financially accountable and legally obligated for the debt of the PPC, it is reported as a blended component unit of the Fiscal Court. The County receives the bank statements for the PPC, and should maintain a receipts and disbursements ledger, and prepare a financial statement. We recommend the County maintain proper records for the PPC in the future.

County Judge/Executive J.M. Hall's Response: We are aware and are implementing procedures to resolve this issue.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2008
(Continued)

2008-03 The County Should Pursue Collections Of All Amounts Due To The County And All Assets Owned By The County

KRS 67.705 states that the County Judge/Executive shall receive an annual salary pursuant to the salary schedule and be paid training incentives as set by the Department for Local Government (DLG).

The maximum salary for the former Judge/Executive in calendar year 2006 was \$79,247 and a training incentive for 2006 of \$3,302 totaling \$82,667; however, payroll records and reports filed indicate that the former Judge/Executive received \$88,667, which is \$6,118 in excess of the amount that should have been paid by statute.

Prior to leaving office, the former administration prepared the last payroll under their administration, included in this was a check to the former Judge/Executive. The notation on the check was for vacation time. This check should not have been paid to the former Judge. Elected officials are not entitled to vacation and sick leave time. Their positions are elected and therefore do not have attendance requirements. The salaries to be paid to Judge/Executives as set by the Department for Local Government (DLG) are all-inclusive and do not allow for additional monies for vacations or sick leave.

During testing of expenditures in prior year, it was discovered that the Former Judge/Executive ordered office furniture in July 2005 that included a desk and hutch in the total amount of \$4,144. Upon further investigation, it was determined that the expenditure did not have supporting documentation such as a receipt, purchase order, etc. After additional inquiry, a copy of the invoice was obtained for verification purposes. It was later determined that the furniture was picked up in February 2007. The furniture was not delivered to the County, and auditors could not determine where the furniture is currently located.

In addition, between May 1, 2003 and May 1, 2006, the former Judge/Executive devised a scheme for his family businesses to obtain government monies through county contracts by means of false and fraudulent representations and promises. The former Judge/Executive and his brother must make restitution by court order of \$110,000 each. As of the date of this report, no restitution has been received by the County.

We recommend the county use all efforts to collect the amounts owed to the county from the former Judge/Executive and his brother.

County Judge/Executive J.M. Hall's Response: This information is in the hands of the KY State Auditor's Office and has been forwarded to proper authorities.

Auditor's Reply: KRS 64.820 requires the fiscal court to collect any amount due the county from county officials (or former county officials) as determined by the Auditor's audit, and in the event the Fiscal Court cannot collect the amounts due without suit, the fiscal court shall then direct the county attorney to institute suit for the collection of the amounts reported by the Auditor to be due the county.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2008
(Continued)

2008-04 The County Administration Transferred \$188,524 Of Funds And \$636,127 In Budget Transfers Prior To Or Without Fiscal Court Approval

The county administration made multiple transfers in funds and budget transfers prior to or without fiscal court approval. A total of \$188,524 of transfers in funds and \$636,127 in budget transfers were either transferred prior to fiscal court approval or auditor was unable to verify that approval was given.

We recommend all transfers be approved by Fiscal Court before the transfer occurs.

County Judge/Executive J.M. Hall's Response: We are aware and have already corrected this issue.

2008-05 The County Did Not Follow Proper Purchase And Procurement Procedures That Resulted In Failed Testing Procedures

During our testing of expenditures, we found that some invoices were not paid timely. Auditors selected 70 invoices for testing totaling \$2,928,072. Our testing resulted in nine (9) deviations of the attributes tested. A summary of our findings follows:

- Late payment of expenditures
 - Of the seventy (70) invoices selected for testing, nine (9) invoices totaling \$203,421 were not paid within thirty (30) days.
- Lack of proper accounting practices
 - Imaged copies of the backs of checks were not maintained with bank statements including those statements for accounts containing federal funds.
 - Sales tax was paid on several items purchased by credit cards and with federal grant funds.

KRS 65.140 requires any purchaser that receives goods or services to pay for those goods and services within thirty (30) working days of receipt of a vendor's invoice. We recommend that the County comply with these requirements by maintaining supporting documentation for all expenditures and paying invoices timely, in the future.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2008
(Continued)

2008-05 The County Did Not Follow Proper Purchase And Procurement Procedures That Resulted In Failed Testing Procedures (Continued)

Proper accounting procedures and internal control policies should be in place. Bank statements with imaged copies of both front and backsides of checks should be maintained. All disbursements should be made as soon as practical after the Fiscal Court approves the expenditures. All invoices should be cancelled upon payment. Purchasing procedures should be in accordance with DLG requirements, specifically, purchase orders must include the appropriation account number to which the claim will be posted and proper approval by management or the department head. Vendor names, departments, product descriptions, quantities, and prices should be on each purchase order issued in order for the purchasing procedures to be effective. Sound management and a good internal control structure are essential for the achievement of full oversight and accountability.

According to KRS 139.470, transactions exempt from sales taxes include “gross receipts from sales to counties...as defined by KRS 65.005. This exemption shall apply only to purchases...for use solely in the government function.” Sales tax is not an allowable expenditure of federal funds.

Lack of proper accounting practices and internal controls increases the risk that misstatements of financial activity and/or fraud will occur and go undetected by the County. Without proper procedures in place to mitigate the risk, the County is exposing public resources to potential misstatements and/or fraud.

County Judge/Executive J.M. Hall's Response: These were mostly corrected and were unusual circumstances with these invoices, many were from prior administration.

2008-06 The County Owes Approximately \$9,802 In Past Due Inmate Medical Bills

The County owes approximately \$9,802 in past due medical bills. The medical bills are from multiple service providers for the healthcare services for Knox County inmates. Further examination has determined that some of the medical bills are at least three years past due. KRS 65.140 requires that any goods or services received be paid for within thirty (30) working days of receipt of the vendor or service provider's invoice. Furthermore, the statute states that any unpaid invoices that exceed 30 days should have 1% added to the approved price to be submitted to the vendor or service provider.

We recommend that the County pay bills timely in accordance with KRS 65.140 in order to prevent penalties that are in excess of the purchase contract.

County Judge/Executive J.M. Hall's Response: We are aware and have already corrected this issue.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2008
(Continued)

2008-07 \$8,500 Of Credit Card Expenditures Could Not Be Appropriately Validated And Were Not Properly Documented

Auditors chose twelve (12) credit card statements to test for a total of \$27,800. Of the \$27,800 of credit card expenditures tested, only \$19,300 had proper documentation to support the expenditure, leaving \$8,500 without adequate documentation. Several expenditures were for travel, meals, or miscellaneous supplies. Auditor inquired of Finance Officer to see if travel vouchers existed to support expenditures related to meals and travel; we were told there are no such files. Five credit card statements had finance charges and one statement had over limit fees. In addition, multiple expenditures showed that the county paid sales taxes.

The payment of finance charges is not a proper expenditure of public funds. We recommend that the Fiscal Court apply best practices when exercising its fiduciary responsibility to act as agents of the public trust. We also recommend that the Fiscal Court have more control of credit card usage and require documentation of who used the card and for what reason. Strong internal controls dictate that there be procedures in place that reconcile monthly credit card receipts submitted by employees to the credit card statements. The payment of sales tax by a governmental entity should be restricted and is not considered good use of public funds. The following procedures should be implemented immediately to strengthen internal controls over credit card use:

- The County should not pay sales tax.
- All receipts for credit card transactions should be attached to the statement and filed for preparation of the claims list.
- Once the statement is received and all receipts related to that statement are attached to the credit card statement, a detailed list of transactions should be included on the claims list presented to the Fiscal Court for approval.
- Travel vouchers should be maintained to support meal, hotel, and other travel-related expenditures. All receipts for such expenses should be attached to the vouchers with the signature of the employee to substantiate and provide adequate documentation.

County Judge/Executive J.M. Hall's Response: We agree.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2008
(Continued)

2008-08 The County Has Inaccurate And Incomplete Vacation Leave Records For Employees

During our review of employee vacation leave time policies and procedures, major issues were found. We were unable to perform tests for vacation leave records as the only record maintained is through the payroll software, which is inaccurate. When an employee requests vacation leave, the Finance Officer must manually calculate that employee's vacation time available based upon prior timesheets and length of service for amounts earned and amounts used based upon any hours already paid. The Finance Officer is also responsible for all payroll processing. There are no cumulative records maintained through or outside of the payroll software for all employees eligible for vacation benefits. We understand that to have the payroll software vendor correct this issue through the system might not be cost effective, however, other options are available.

We recommend that the Fiscal Court implement policies to track vacation leave time that employees accrue and use. We recommend the Fiscal Court investigate all options available to ensure employees have earned and utilized vacation benefits accurately. We further recommend that safeguards be put into place to create checks and balances to track benefits, such as a person independent of the payroll process keeping separate records.

County Judge/Executive J.M. Hall's Response: We agree.

2008-09 The County Should Ensure That The Same Level Of Health Insurance Benefits Are Provided To All County Employees As Stated In Kentucky Attorney General Opinion (OAG) 94-15

During the testing of payroll, auditors noted that county employees are not receiving the same level of health insurance benefits. Elected officials are receiving county-paid family coverage while others are paying for the extra cost for family coverage. During fiscal year ended June 30, 2008, the County paid as much as \$655 per month per employee for the additional costs of the family plan over the single plan. The County's Administrative Code states that the County promotes equal opportunity in matters of compensation and benefits. It further states that the County pays for an individual's health insurance policy but does not add that certain individuals will receive the family benefit as well. In September 2006, the County amended and approved an Administrative Code in which a provision was added that states:

"The County pays the premium for all individual health insurance policies offered by the county; except, however, the county will pay the premium for family health insurance plans for all elected county officials, senior executives and department heads as may be negotiated in their compensation package."

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2008
(Continued)

2008-09 The County Should Ensure That The Same Level Of Health Insurance Benefits Are Provided To All County Employees As Stated In Kentucky Attorney General Opinion (OAG) 94-15
 (Continued)

In June 2007, the County amended and approved an Administrative Code in which the above provision still remains. OAG 94-15 states, “the basic statute providing for governmentally funded health coverage (KRS 79.080) for public employees does not provide for one level of coverage for officers, and another level for employees. Accordingly, we believe such differing coverage would not be lawful as not authorized by statute.” We recommend that the County write the Administrative Code to provide the same level of benefits to all county employees. We further recommend that the Fiscal Court seek legal advice from the County Attorney as to the legality of not providing the same level of health insurance coverage for all employees as stated in OAG 94-15. We would also like to inform the county that though a procedure or policy be established in the County’s Administrative Code, that the Administrative Code does not trump established laws, statutes, and regulations in order to make broader policies and that a narrower interpretation of policies or procedures may be permitted.

County Judge/Executive J.M. Hall’s Response: Elected officials pay and benefits are state regulated. Employees are county regulated.

Auditor’s Reply: The Auditor reiterates that the county providing one level of coverage for elected officers and another for employees is not lawful, as such differing coverage levels are not authorized by statute. KRS 79.080; OAG 94-15.

2008-10 The County Judge/Executive Or A Designated Person Should Keep And Maintain Required Records

The Judge/Executive does not maintain an appropriation ledger that is separate from the treasurer, and does not reconcile it monthly as required by Kentucky Revised Statutes and The Department for Local Government Policy Manual. Also, purchase orders are not issued for every expenditure, nor is a purchase order listing maintained. In addition, the Judge/Executive does not maintain accurate time records (vacation) records for employees.

We recommend the following procedures and recommendations be followed by the Judge/Executive:

- Maintain an appropriation ledger
- Reconcile the appropriation ledger with the treasurer’s appropriation ledger at least once a month
- Issue purchase orders and maintain a purchase order log (purchase orders should be properly authorized)
- Maintain accurate time records

County Judge/Executive J.M. Hall’s Response: Present system of appropriations are state approved.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2008
(Continued)

2008-11 The Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The Proper Location

During our review of the fiscal court minutes, we found that an employee that works in the county judge/executive's office had been appointed to be the fiscal court clerk. In addition, the minute books are being filed in the county judge/executive's office. KRS 67.120(1) states that a fiscal court clerk may be appointed by the fiscal court if the county clerk declines to serve as the fiscal court clerk. KRS 67.100(5), however, states that the minute books shall be kept in the office of the county clerk. We recommend the county comply with KRS 67.100(5) and file the fiscal court minutes in the office of the county clerk.

It should be noted that the fiscal court minutes have significantly improved since the current administration took office. In an effort to increase controls over the fiscal court minutes, we recommend that the minutes of the court be stored in the County Clerk's office because the minutes are a matter of public record and for public viewing and therefore should be maintained in the County Clerk's office. The pages of the minutes and the claims list should be sequentially numbered and signed by all members of the fiscal court certifying that they are correct and complete. All supporting documentation should be located in the minutes as well in order to support any decision made by the court. Also, we recommend that contracts, legal documents, and other documents that may bind the County should not be signed by anyone other than the proper County employees or officials.

County Judge/Executive J.M. Hall's Response: We agree.

2008-12 The County Should Maintain Complete And Accurate Capital Asset Schedules To Comply With GASB 34 Requirements

The County did not have a completed capital asset schedule for fiscal year ending June 30, 2008. A list of capital asset additions and disposals were not properly maintained. A schedule of additions should be maintained as assets are purchased to simplify the process of updating the capital asset schedule. The schedule should include the date the asset is acquired, a description of the asset, the vendor name, and the amount. Invoices for asset acquisition and invoices for all other disbursements should be kept on file in a manner that allows retrieval of the original invoice for review and verification as needed by management and auditors. Further, we believe that the capital asset listing should be monitored and maintained on a regular basis. As new assets are acquired they should be added to the listing. As equipment is disposed of it should be removed from the listing. We recommend that the County maintain complete and accurate capital assets schedules to comply with GASB 34 requirements.

We further recommend that the fiscal court should take a physical inventory of its capital assets on a regular basis (such as every two to three years) or at the beginning of a new administration to ensure that only active, in-service machinery and equipment is included on the County's financial statements. This will ensure that fixed assets are properly stated and that depreciation is being calculated from a reliable listing.

County Judge/Executive J.M. Hall's Response: We are aware and are implementing procedures to resolve this issue.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2008
(Continued)

2008-13 The County Should Incorporate Any Future Knox County Hospital Bond Default Obligations In Their Budget

On February 1, 2006, the former Knox County Judge/Executive entered into an agreement with a private corporation (Pacer Health Corporation) to lease the Knox County Hospital with an option for the Corporation to buy the Hospital. This agreement states that Pacer shall lease all of the assets for a fee of \$2,000,000, to be paid at closing. The agreement grants a purchase option, which is the current amount of bond debt reduced by closing fees and lease payments at the time the purchase option is executed. Review of county records reveal that the county didn't have ownership of the hospital at the time the agreement was entered into by the Former Judge/Executive. Ordinance Number 20060222-1 authorizing the county to assume full responsibility for the hospital operations was not effective until February 20, 2006, which is nineteen (19) days after the agreement was executed. This ordinance was not presented to the fiscal court until February 22, 2006, which is twenty-five (25) days after the agreement was executed and two (2) days after the effective date of the ordinance. Therefore, the former Judge/Executive did not have the authority to enter into this agreement to lease/sell the hospital. In addition, the agreement also held the County financially liable for a penalty of \$750,000 if the County did not follow through with the agreement. KRS 67.0802 lists the methods by which counties may surplus property (real and personal). These methods include, and are limited to: auction, electronic auction, sealed bid, and transfer to another governmental entity. On July 11, 2006, an Interim Management Agreement and Lease and Operating Agreement was amended to extend the final agreement deadline. The agreement was finalized in December 2006. A summary of the lease terms is as follows:

1. Pacer will have control of the Hospital Facility.
2. Pacer will collect all revenues and pay all expenses in the operation of the Hospital
3. Pacer will make monthly lease payments to the Trustee of the 2006 Bonds in an amount equal to the debt service on the 2006 Bonds.
4. Pacer will pay all expenses associated with maintaining and insuring the Hospital.
5. Pacer will pay any leasehold tax payments due under Kentucky Law and will pay in lieu of tax payments on December 1 of each year to the County.
6. Once the new Series 2006 Bonds are paid, Pacer has the option to take title to the Hospital as owner.
7. Pacer will provide the County with financial reports but it will be solely responsible for the operation of the Hospital and will not have to seek approval from the County for its management functions.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2008
(Continued)

2008-13 The County Should Incorporate Any Future Knox County Hospital Bond Default Obligations In Their Budget (Continued)

We recommend the County take actions to ensure proper approval of transactions by Fiscal Court and that proper disposal of assets laws are followed. We also recommend the County take possession of financial reports when possible and obtain debt confirmations periodically to ensure that the debt payments are being made in regards to the 2006 Hospital Bonds. In addition, a current audit of the Knox County Hospital has not been performed; therefore we recommend that the County request such documents when they become available. We understand that legal counsel has been obtained to review the legal status in regards to contractual obligations being fulfilled. We further understand that Pacer has defaulted on the June 2009 bond obligation. We recommend the Fiscal Court incorporate the possible liability issues associated with the bond defaults and legal costs associated with the resolution of these contracts within its future budget process.

County Judge/Executive J.M. Hall's Response: Prior administration actions.

2008-14 The County Should Pursue Collection Of Overcharges Which Caused Questioned Costs Of \$134,090 of Federal Transportation Grant Funds Due To Failure To Comply With Allowable Costs In Prior Year

During the 2005 audit, it was discovered that two invoices submitted for Tri County Industrial Park project contained mathematical errors that resulted in these particular invoices being overstated by \$134,090. As stated on the invoice dated November 5, 2004, the hours billed for tractor crawler equipment were listed as 180 hours at \$112 per hour for a total charge of \$85,805. However, when the auditor recomputed the amount, they discovered the line item actually computes to a total charge of \$20,160 resulting in an overstatement of \$65,645. In addition, another invoice was found dated March 7, 2005, where the hours billed for tractor crawler equipment were listed as 155 hours at \$112 per hour for a total charge of \$85,805. When recomputed this amount was found to actually compute to a total charge of \$17,360 resulting in an overstatement of \$68,445. Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments (also known as the "A-102 Common Rule") Section 13.20 requires the county to comply with all applicable laws and procedures. The Fiscal Court should also ensure fiscal control and accounting procedures are sufficient to prepare accurate, current and complete reports. In addition the A-102 Common Rule states internal controls should be effective to adequately safeguard assets and that Office of Management and Budget Circular A-87 Cost Principles For State, Local and Indian Tribal Governments should be followed to determine reasonableness and allowability of costs. Finally, the Common Rule reflects accounting records must be supported by sufficient documentation. Therefore, these costs of \$134,090 were questioned in fiscal year 2005.

In May of 2006, a letter was received from the project's attorney indicating that "the audit process documented at 3500 hours which were not billed" relative to the project. The attorney further indicated that the "unbilled hours far exceed the overcharges...and therefore, are not owed." In December 2008 a bill was received by the fiscal court from the Transportation Cabinet requesting repayment of the \$134,090 of questioned costs from federal grant funds. In January 2009 the issue was turned over to the County Attorney to pursue. To date the only request made has been for additional documentation to support the 3,500 hours which were not billed.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2008
(Continued)

2008-14 The County Should Pursue Collection Of Overcharges Which Caused Questioned Costs Of \$134,090 of Federal Transportation Grant Funds Due To Failure To Comply With Allowable Costs In Prior Year (Continued)

We recommend that the County validate every invoice and claim in order to prevent misuse and unnecessary spending of public funds. We further recommend the Fiscal Court incorporate the possible liability issues associated with the repayment of federal grant funds within its future budget process.

County Judge/Executive J.M. Hall's Response: Prior administration actions.

2008-15 The County Should Monitor Bonding Requirements For All Elected And Appointed Officials.

During our testing of bonded officials of the County, we noted the following items: 1) The Finance Officer did not have a bond in place for fiscal year ending June 30, 2008. 2) The Occupational Tax Administrator did not have a bond in place for fiscal year ending June 30, 2008. The Fiscal Court does have an employee dishonesty rider on its insurance policy; however, the rider specifically states that it does not cover tax collectors or officers.

We recommend the Fiscal Court immediately bond the Occupational Tax Administrator and the Finance Officer. We also recommend that the County implement policies and procedures for monitoring bonding requirements of all elected and appointed officials.

County Judge/Executive J.M. Hall's Response: We agree.

2008-16 The County Should Incorporate All Potential Liabilities In Its Budget Process

During our testing of net profit license fee returns related to occupational taxes, we noted an extension payment remitted to the Fiscal Court of \$240,000 in March 2008. Upon further review, we noted that when the subsequent 2007 net profit license fee return was submitted in September of 2008, a refund was requested.

The Company originally in Knox County was sold in February of 2007. The sale was handled as a stock sale deemed asset sale for federal tax purposes which generated a federal capital gain. The Company filed an extension with the county and paid in \$240,000 with the extension before the sale was completed. Upon completion of the sale of the Company, the federal capital gain is deemed exempt at the state level and excluded on the state tax return. Accordingly, based upon section (11)(e) of the 2004 Revised Occupational License Fee No. 20041223, net profit should "exclude any amount of income that is exempt from state taxation by Kentucky Constitution". Therefore the federal gain generated and excluded at the state level, would also be excluded for purposes of the net profit calculation. In our opinion and based upon our testwork, we believe the Fiscal Court has an outstanding liability of \$240,000.

We recommend the Fiscal Court incorporate the possible liability issues associated with the repayment of the net profit license fee return within its future budget process.

County Judge/Executive J.M. Hall's Response: We have requested an opinion from Revenue Cabinet.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2008
(Continued)

2008-17 The County Should Record All Debt Financing Obligations

The Fiscal Court has not recorded over \$162,000 of debt financing obligations in the long-term liabilities of the 4th Quarter Financial Statements. We recommend the Fiscal Court ensure that all debt is correctly posted to the 4th Quarter Financial Statement to ensure that the Fiscal Court is operating within their approved budget.

County Judge/Executive J.M. Hall's Response: We are aware and have already resolved this issue.

2008-18 The Jail Should Improve Their Internal Control Procedures

The Jail was reopened in January 2008. The Jail does not have policies and procedures in place for establishing an adequate segregation of duties and safeguarding assets. We recommend the following procedures be implemented to strengthen the internal control weaknesses:

- An independent person should list all receipts and agree them back to the receipts ledger. A listing of all receipts for that day detailing the date received, the amount, type of transaction, whom it is from, and what the amount is for should be maintained. The receipts should be reconciled to the Jail Tracker software.
- An independent person should open the bank statements and review them for unusual items, such as debit memos and overdraft charges, and initial the bank statement as an indication of their review. A separate person should reconcile the bank statements to the Jail Tracker software.
- An independent person should review the reconciliation for accuracy. This person should initial the reconciliation to document the review was performed.
- An employee independent of check writing and posting duties should match purchase orders to checks and invoices. The person who signs the checks should also cancel the purchase orders and invoices to ensure invoices are not paid twice. The disbursements should be reconciled to the Jail Tracker software.
- An independent person should requisition and purchase all items for the canteen. A separate person should reconcile, post and physically count on a monthly basis the inventory maintained by the canteen.
- The receipt of cash, disbursement of cash and posting of cash should be delegated to separate individuals for better internal controls.
- The jail should implement stronger internal controls over the computer system. All transactions should be backed up daily on a disk and should be secured off-site.
- The Jailer is required to file and remit sales taxes to the Commonwealth of Kentucky on all products sold in the canteen.
- The Jailer is required to submit an annual report to the county Treasurer on the canteen account.

KRS 441.135 states, "All profits from the canteen shall be used for the benefit or recreation of the prisoners. The Jailer shall keep books of accounts of all receipts and disbursements for the canteen and shall annually report to the County Treasurer on the canteen account."

Financial statements were not prepared neither was an annual report was submitted for the fiscal year ending June 30, 2008.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2008
(Continued)

2008-18 The Jail Should Improve Their Internal Control Procedures (Continued)

We recommend the Jailer implement these procedures for adequate segregation of duties and safeguarding assets.

County Judge/Executive J.M. Hall's Response: This year has been a learning process for the Jail employees. We are just now learning how to use Jail Software and how to keep up with our finances.

2008-19 The County Failed To Monitor Federal Grant Funds

The County is the recipient of a five-year federal grant program. Of the \$200,000 program budget submitted, 50% is funded by federal funding and 50% by local matching funds. The County receives and disburses the federal funding. No reconciliation of disbursements to the program budget or review of the allowabililty of the disbursements is monitored as required by the federal program. Upon review of invoices paid with federal funding by the County, several items were noted that were not in the original budgets or appeared excessive. An iPhone purchased was not budgeted and six computers and two printers were purchased when the budget contained only one computer and one printer. Therefore, the County is paying for items not budgeted for within the allowable federal expenditures. No information was available as to whether the local match requirement was met. Should the federal oversight agency audit or review this program, the county could incur disallowed or questioned costs associated with this program and have to reimburse federal funds spent.

We recommend the county implement policies and procedures to adequately monitor federal grant programs. We recommend a reconciliation of budget to actual expenditures be performed on a monthly basis to ensure that all dollars spent are allowable. We further recommend the county monitor whether the local matching requirement is met to ensure disallowed expenditures or questioned costs will not occur.

County Judge/Executive J.M. Hall's Response: We are aware and are implementing procedures to resolve this issue.

